



**DRIVING REVENUE:
A GRAND MASTER
STRATEGY**

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Are your company's revenues growing as fast as you would like? If yes, skip this column. If no, you need to look at your strategy – or more specifically, the business model aspect of your strategy. This is what Paul Silvis, founder of Restek, did when he became frustrated with a \$7 million division that had stalled. Today, he has a clear path to \$100 million.

As companies approach the halfway mark for 2008, its time for mid-course corrections if you're not getting the top line growth you expect. And top line growth is purely a function of your business model i.e. how you are selling what to who. If revenues aren't soaring, there is something not quite right with one of these components, rough economy or not.

Before I describe how Silvis plans to revamp his business model, let me take a moment and focus on the importance of involving "Grand Master Strategists" in the process.

GRAND MASTERS HAVE THE MOST MOVES

Kaihan Krippendorf, the brilliant ex-McKinsey strategist and author of **The Art of the Advantage** (recently renamed **Hide a Dagger Behind a Smile**) points out that Grand Master chess

players aren't thinking any more moves ahead in a chess match than expert-designated players. The difference is that given the layout of the chess board at any particular moment the Grand Master has 10 times the available next moves he or she can make i.e. more available patterns residing in their brain. Kaihan, who is doing strategy training for some of the top firms in the world finds that most executives have the same handful of moves or patterns they fall back on when plotting strategy. What you need are a bunch more next-moves in your arsenal.

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Enter Gene Kirila. Kirila was the youngest-ever named “Hero of Manufacturing” in the U.S. by FORTUNE magazine for pioneering several manufacturing technologies that have changed entire industries. Knowing that the best need coaching, Silvis invited Kirila in to look at this stalled \$7 million division of his \$60 million chromatography firm.

50 DEALS AND EXPERIENCE

Kirila has been involved in over 50 deals during the same time that Silvis has grown essentially one business. Not that Kirila has better moves, he just has a lot more and different moves than most business owners. This is why we all need outsiders – advisors, consultants, coaches – to help us maximize the potential of ourselves and our businesses.

Kirila started by asking what main differential advantage this \$7 million division provided customers. In essence, their metal coatings can reduce costs by 20%–30%. He then asked who their largest customer was which was a large firm doing just \$400 k of business with Restek. He then asked Silvis how much business this customer should be doing with this Restek division. Silvis replied roughly \$25 million.

Kirila then had Silvis's team pull up the 10 k for this publicly-listed customer and point out „which line item on the income statement is affected by the 20%–30% improvement?“ Turns out, in the larger scheme of things, Restek's process is maybe impacting the customer a fraction of a percent – not enough to get anyone to be a strong advocate for Restek's services.

Kirila then asked if there was any existing client where the Restek process made a critical impact on the business. One of the people in the meeting said yes, there's a critical valve in off-shore rigs that has to be replaced frequently. And when the rig is shut down for the eight hours to replace this valve, it costs the company millions of dollars. Restek's process can have a significant impact on the life-expectancy of these valves!! The strategy, therefore, is to dramatically narrow the focus of marketing/sales and go after companies in this industry. There's one client alone that needs \$100 million worth of these services!

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Silvis also notes that Kirila opened his eyes to a marketing strategy he never would have contemplated. They have a another major customer that has been balking at the cost of their coating process. Kirila suggested Restek do the coating for free (install a coating facility within this major customer's plant – something Kirila did himself in another venture) and then split the gains i.e. if the coating will let the customer increase the price of the product by \$10, Restek and the customer split the gain.

INSIDE ADVANTAGE

If you suspect, like Silvis, that you have a problem with your business model, let me suggest you read Bob Bloom's new book *The Inside Advantage*. Another “grand master,” 73-year old Bloom is the retired Chairman and CEO of Publicis USA. And it was his earlier firm, Bloom Agency that created the messaging for Southwest Airlines.

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Bloom's book is one of the finest how-to books I've ever read in helping a company figure out the right who, what, and how for their business plus what he calls a company's imaginative acts.

I'm starting to see that it takes a village of gurus to help firms. When it comes to setting strategy, you have to engage a Grand Master – someone with decades of diverse experience who is wicked smart. And this strategy is critical because it has to last 5–7 years if not longer. Challenge: these people are expensive in the short run, but if you amortize over several years (and calculate the cost of not getting your business model correct) then it's inexpensive. In turn, driving execution and holding your feet to the fire would bore most strategists, so you need a different kind of long-term coach to support the execution process.